

SENATE BILL 1579

By Herron

AN ACT to amend Tennessee Code Annotated, Section 67-5-705, relative to property tax relief for certain elderly homeowners.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 67-5-705, is amended by deleting the section in its entirety and by substituting instead the following:

§ 67-5-705.

(a) The legislative body of each county or municipality may establish, by resolution or ordinance, a local program of property tax relief for elderly homeowners having their principal place of residence located within that county or municipality. Any such resolution or ordinance shall provide that:

(1) A taxpayer sixty-five (65) years of age or older, who owns residential property as the taxpayer's principal place of residence, shall pay taxes each year on such property in an amount not to exceed the maximum amount of tax on such property imposed for the tax year during which the resolution or ordinance is adopted;

(2) A taxpayer who reaches the age of sixty-five (65) after adoption of the resolution or ordinance, who owns residential property as the taxpayer's principal place of residence, shall thereafter pay taxes on such property each year in an amount not to exceed the maximum amount of tax on such property imposed for the tax year during which such taxpayer reaches the age of sixty-five (65);

(3) A taxpayer who is sixty-five (65) years of age or older, who purchases residential property as the taxpayer's principal place of residence after the taxpayer's sixty-fifth birthday (65th), shall thereafter pay taxes on such property

each year in an amount not to exceed the maximum amount of tax imposed on such property for the tax year during which such property is purchased by such taxpayer; and

(4) If the full market value of such residential property is increased as a result of improvements to such property after the taxpayer becomes eligible for tax relief on such property, then the assessed value of such property shall be adjusted to include such increased value and the taxes on such property shall also be increased proportionally with the value.

(b) The maximum allowable annual income level for taxpayer participation in the local program of property tax relief shall be the appropriate federal poverty guidelines, as determined by the applicant's household size and as updated periodically in the Federal Register by the United States department of health and human resources under the authority of 42 U.S.C. 9902(2). The income attributable to any applicant for such tax relief shall be the total annual income from all sources for all owners of the property if the property constituted such owner's legal residence at any time during the year for which tax relief is claimed; provided, however, any portion of social security income, social security equivalent railroad retirement benefits, and veterans entitlements required to be paid to a nursing home for nursing home care by federal regulations shall not be considered income to an owner who relocates to a nursing home.

(c) Any such resolution or ordinance shall also prescribe all necessary and appropriate application requirements, income verification procedures, and other policies and procedures for the local program of property tax relief. Any such resolution or ordinance shall also determine the maximum quantity of contiguous land that may be included within a taxpayer's place of residence for purposes of such property tax relief.

(d) All direct and indirect costs of any such local program of property tax relief shall be borne by the county or municipality electing to establish such program.

(e) Any taxpayer, who knowingly provides false information concerning the taxpayer's income or other information relative to eligibility for any such local program of property tax relief, is subject to a civil fine in an amount not to exceed five (5) times the amount of tax relief received as a result of such false information. Additionally, such taxpayer shall immediately repay to the county or municipality the full amount of any tax relief received as a result of such false information, plus an amount equal to the penalty and interest set forth pursuant to Tennessee Code Annotated, § 67-5-701(g)(1).

SECTION 2. This act shall take effect upon becoming a law, the public welfare requiring it.